space provided for the owner to request payment.

(b) *Endorsement stamps.* Endorsement stamps may be obtained from the designated Federal Reserve Bank or, with its approval, purchased by the agent. Requests for stamps to be furnished or approved by the Bank must be made in writing by an officer of the paying agent. Stamps procured by an agent may not exceed a space bounded by 1¾ inches vertically and 3 inches horizontally. They must follow exactly the wording prescribed. They may also include space for the transaction date and the initials or signature of the officer or employee authorized to approve the transaction.

(c) *Securities registered in coownership or beneficiary form.* In the case of securities registered in coownership or beneficiary form, the agent shall indicate which person, whose name is inscribed thereon, requested payment or exchange by encircling in black or other dark-colored ink the name of that person (or both coowners, if the request is joint) in the inscription on the face of the securities.

(d) *Restrictions.* Under no circumstances shall the special endorsement procedure be used to give effect to a transfer, hypothecation or pledge of a security, or to permit payment to any person other than the owner, co-owner, or, where appropriate, beneficiary. Violation of these provisions will be cause for withdrawal of an agent's authority to process securities under the special endorsement procedure, and may involve additional penalties if the circumstances warrant such action.

[53 FR 37519, Sept. 26, 1988, as amended at 59 FR 10539, Mar. 4, 1994]

§ 330.4 Guaranty given to the United States.

By the act of paying or presenting to a designated Federal Reserve Bank, for payment or exchange, a security on which it has affixed the special endorsement, a payment agent shall be deemed to have:

(a) Unconditionally guaranteed to the United States the validity of the transaction, including the identification of the owner and the disposition of the proceeds or the new bonds, as the case may be, in accordance with the presenter's instruction;

(b) Assumed complete and unconditional liability to the United States for any loss which may be incurred by the United States as a result of the transaction; and

(c) Unconditionally agreed to make prompt reimbursement for the amount of any loss, upon request of the Department of the Treasury.

[53 FR 37519, Sept. 26, 1988, as amended at 59 FR 10539, Mar. 4, 1994]

§ 330.5 Evidence of owner's or beneficiary's authorization to affix special endorsement.

(a) *Form of authorization.* The Treasury does not prescribe the form or type of instructions an agent must obtain from each owner, co-owner or beneficiary in order to use the special endorsement procedure. In the case of eligible Series E and EE savings bonds and savings notes presented for a redemption-exchange, the owner, co-owner or beneficiary authorized to request the exchange (as specified in Circular No. 750, § 321.8(b)), must sign the exchange subscription even though the eligible Series E and EE savings bonds and savings notes are specially endorsed.

(b) *Securities in coownership or beneficiary form.* Securities registered in coownership or beneficiary form should be accepted for special endorsement only for immediate payment or exchange. Acceptance of bonds and notes for processing at some future date should be avoided as authority to utilize such endorsement generally expires upon the death of the owner or coowner on whose behalf securities were to be paid. Requests for payment of securities present by the surviving beneficiary must be supported by a certificate of death for the owner named thereon, as required by Circular No. 750, part 321 and the appendix to that part.

(c) *Record of authorization.* Agents should maintain such records as may be necessary to establish the receipt of, and compliance with, instructions supporting the special endorsement. If the agent elects to make notations on the backs of the securities to serve as a record, the Bureau of the Public Debt